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# Indian Bullion and Jewellers Associations Ltd.

## Since 1919



### Daily Bullion Physical Market Report

Date: 10<sup>th</sup> May 2022

#### Daily India Spot Market Rates

Description	Purity	AM	PM
Gold	999	51699	51479
Gold	995	51492	51273
Gold	916	47356	47155
Gold	750	38774	38609
Gold	585	30244	30115
Silver	999	62352	61361

\*Rate as exclusive of GST as of 9<sup>th</sup> April 2022 Gold is Rs/10 Gm & Silver in Rs/Kg

#### Gold and Silver 999 Watch

Date	GOLD*	SILVER*
09th May 2022	51479	61361
06th May 2022	51692	62530
05th May 2022	51787	63331
04th May 2022	51055	62538

The above rates are IBJA PM Rates; \*Rates are exclusive of GST

#### COMEX Futures Watch

Description	Contract	Close	Change	%Chg
Gold(\$/oz)	JUNE 22	1858.60	-24.20	-1.29
Silver(\$/oz)	JULY 22	21.82	-0.55	-2.45

#### ETF Holdings as on Previous Close

ETFs	Long	Short
SPDR Gold	1,075.90	-6.10
iShares Silver	17,914.90	0.00

#### Gold and Silver Fix

Description	LTP
Gold London AM Fix(\$/oz)	1865.40
Gold London PM Fix(\$/oz)	1860.90
Silver London Fix(\$/oz)	21.87

#### Bullion Futures DGCX

Description	Contract	LTP
Gold(\$/oz)	JUNE 22	1853.4
Gold Quanto	JUNE 22	50979
Silver(\$/oz)	JULY 22	21.71

#### Gold Ratio

Gold Silver Ratio	85.18
Gold Crude Ratio	18.03

#### Weekly CFTC Positions

	Long	Short	Net
Gold(\$/oz)	144193	61257	82936
Silver	40664	25403	15261

#### MCX Indices

Index	Close	Net Change	% Chg
MCX iCOMDEX Bullion	14614.77	-146.45	-1.00%

#### Weekly CFTC Positions

Time	Country	Event	Forecast	Previous	Impact
10th May 10:30PM	United States	FOMC Member Waller Speaks	-	-	MEDIUM



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## Nirmal Bang Securities - Daily Bullion News and Summary

❖ Gold fell, extending its longest run of weekly losses this year, as investors eye U.S. Treasury yields and a stronger dollar ahead of a flurry of inflation figures due from major economies in coming days. Bullion has been sliding since mid-April as the Federal Reserve and other central banks tighten policy to fight rising consumer prices. The monetary squeeze has sent yields on U.S. government bonds past 3% and fueled five weeks of gains for the dollar, making non-interest bearing gold less attractive. There could be more bond market swings to come as a swathe of inflation data feeds the debate on price pressures and monetary policy. U.S. consumer prices are released on Wednesday, with China, India, Mexico and Brazil also reporting during the week. Investors also digested trade data from China Monday that showed the damage caused by Covid-19 lockdowns in the world's second-biggest economy. The nation's exports and imports struggled in April as worsening virus outbreaks cut demand, undermined production and disrupted logistics.

❖ Exchange-traded funds cut 66,718 troy ounces of gold from their holdings in the last trading session, bringing this year's net purchases to 8.42 million ounces, according to data compiled by Bloomberg. The sales were equivalent to \$125.7 million at the previous spot price. Total gold held by ETFs rose 8.6 percent this year to 106.3 million ounces. State Street's SPDR Gold Shares, the biggest precious-metals ETF, pared its holdings by 95,880 ounces in the last session. ETFs also cut 916,389 troy ounces of silver from their holdings in the last trading session, bringing this year's net purchases to 16.5 million ounces.

❖ The Federal Reserve warned of deteriorating liquidity conditions across key financial markets amid rising risks from the war in Ukraine, monetary tightening and high inflation in a semi-annual report published Monday. "According to some measures, market liquidity has declined since late 2021 in the markets for recently-issued U.S. cash Treasury securities and for equity index futures," the U.S. central bank said in its Financial Stability Report. "While the recent deterioration in liquidity has not been as extreme as in some past episodes, the risk of a sudden significant deterioration appears higher than normal," the report said. "In addition, since the Russian invasion of Ukraine, liquidity has been somewhat strained at times in oil futures markets, while markets for some other affected commodities have been subject to notable dysfunction." In a statement accompanying the release of the report, Fed Governor Lael Brainard said the war "has sparked large price movements and margin calls in commodities market and highlighted a potential channel through which large financial institutions could be exposed to contagion." "From a financial stability perspective, since most participants access commodities futures markets through a large bank or broker-dealer that is a member of the relevant clearing house, these clearing members are exposed to risk when clients face unusually elevated margin calls," Brainard said. "The Federal Reserve is working with domestic and international regulators to better understand the exposures of commodity market participants and their linkages with the core financial system."

❖ Federal Reserve Bank of Atlanta President Raphael Bostic said he favors policy makers continuing to raise rates by half-point increments rather than doing anything larger. A half-point hike "is already a pretty aggressive move," Bostic told Michael McKee in an interview on Bloomberg Television on Monday. "I don't think we need to be moving even more aggressively. I think we can stay at this pace and this cadence and really see how the markets evolve." In a later interview with Reuters broadcast on Twitter, Bostic added that he while he saw low odds for a 75-basis-point hike in the next several months, "I am not taking anything off the table." Fed officials raised interest rates by a half point last week and Chair Jerome Powell signaled they would continue at that pace at meetings in June and July to curb inflation, while pushing back against deploying a larger 75 basis point increase. Critics say the U.S. central bank was too slow to tighten amid the hottest price pressures in 40 years. James Bullard, St. Louis Fed president, has said while 75 basis points isn't his forecast, a hike of that size could be considered if needed and was successfully used by the Fed in the 1990s expansion. "I really think we need to be getting somewhere into the neutral range," Bostic said in the Bloomberg interview, referring to a policy that neither stimulates nor contracts the economy. "For me I am looking at somewhere between 2-2.5% as our neutral range. Then let's wait and see what's happening." Once policy reaches the neutral range, Fed policy makers could assess whether additional half-point moves are needed, or quarter point moves or no move, said Bostic.

❖ Raising interest rates quickly may spare households an even worse squeeze on living standards, according to Bank of England policy maker Michael Saunders. Addressing the Resolution Foundation think tank Monday, Saunders said he feared inflation expectations may take off unless the central bank acts firmly now. Saunders was one of the minority of three members who voted for a half-point increase when rate setters met last week. The BOE raised rates by a quarter point to 1%, the highest level since 2009. The BOE is grappling with soaring inflation, which it expects to hit a 40 year high of 10.2% in October, and weak growth, with the economy forecast to shrink by 0.25% next year. Saunders, who steps down from the nine-member Monetary Policy Committee in August, warned that inflation is "uncomfortably high" and failing to act swiftly "could require a sharper adjustment ... and result in an even worse outcome for real incomes and living standards." Moving slowly may also jeopardize the BOE's reputation, he warned. "The MPC's ability to use monetary policy to provide effective support to the economy in 2020 rested on the credibility of the inflation targeting framework. That credibility is not infinite and cannot be taken for granted." Saunders, who has voted for a half-point rate hike at two successive meetings this year, signalled he was likely to consider further half-point hikes as long as the BOE's benchmark rate was below the neutral rate. That's the rate at which the economy and inflation are stable. "All else equal, the case for policy to move in a larger step is probably greater when Bank Rate is clearly below neutral," he said. Appearing to endorse financial market estimates that the neutral interest rate is between 1.75% and 2.5%, he said in comments after the speech that rates may need to go above neutral if inflation proved persistent. That was not his central scenario, he added.

❖ **Fundamental Outlook:** Gold and silver prices are trading lower today on international bourses. We expect precious metals prices on Indian bourses to trade slightly lower for the day. We recommend sell on rise in intra-day trading sessions in precious metals as gold was steady in Asia -- after slumping 1.6% on Monday amid dollar strength -- ahead of a raft of inflation data due in the coming days. Bullion has been sliding since mid-April as the Federal Reserve and other central banks tightened monetary policy to fight accelerating consumer-price gains.

## Key Market Levels for the Day

Time	Month	S3	S2	S1	R1	R2	R3
Gold – COMEX	June	1865	1880	1892	1910	1918	1930
Silver – COMEX	July	22.10	22.25	22.50	22.80	23.05	23.35
Gold – MCX	June	50450	50700	50900	51100	51300	51500
Silver – MCX	July	60000	60700	61100	61850	62300	63000



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## Nirmal Bang Securities - Daily Currency Market Update

### Dollar Index

LTP/Close	Change	% Change
103.65	-0.01	-0.01

### Bond Yield

10 YR Bonds	LTP	Change
United States	3.0338	-0.0927
Europe	1.0930	-0.0360
Japan	0.2480	0.0040
India	7.4680	0.0170

### Emerging Market Currency

Currency	LTP	Change
Brazil Real	5.1608	0.0815
South Korea Won	1273.65	0.3500
Russia Rubble	118.6895	-
Chinese Yuan	6.7308	0.064
Vietnam Dong	22952	-7
Mexican Peso	20.3968	0.2703

### NSE Currency Market Watch

Currency	LTP	Change
NDF	77.67	-0.01
USDINR	77.665	0.5875
JPYINR	59.3	0.1
GBPINR	95.855	0.485
EURINR	81.9	0.25
USDJPY	131.02	0.76
GBPUSD	1.2345	-0.0029
EURUSD	1.0549	-0.0043

### Market Summary and News

❖ India's central bank is intervening in all foreign-exchange markets and will continue to do so to protect the rupee that slid to a record low Monday, said a person familiar with the matter. The Reserve Bank of India sees its foreign-currency reserves of about \$600 billion as a formidable stockpile that it will put to use against speculators, the person said, asking not to be identified as the deliberations aren't public. The RBI is seeking an orderly depreciation. The rupee dropped as much as 0.8% to an unprecedented 77.53 a dollar on Monday, as foreigners continue to pull money from Indian stocks. Surging inflation and the prospect of aggressive monetary tightening is roiling emerging markets, and a surprise rate hike by India's central bank last week hasn't been able to stem the currency's decline. The rupee's sharp slide is unfounded because India's exports are robust and growth recovery is on track, the person said. That gives the RBI confidence that levels seen before the latest plunge are in line fundamentals. The RBI intervened in the spot, forwards and non-deliverable forwards market on Monday, the person said. The RBI sees pressure on the rupee from a weaker Yuan and stronger dollar, rather than domestic reasons. India relies on imports to meet about 80% of its oil needs and elevated energy prices threaten to quicken inflation and widen its current-account and trade deficits. It's clearly about dollar strength, as well as a function of oil.

❖ The dollar strengthened versus all of its major peers as China's Covid lockdowns, accelerating global inflation and the worsening economic outlook boosted demand for the U.S. currency as a haven. A gauge of the greenback advanced for a third day after Friday's U.S. payroll numbers pushed up Treasury yields, giving investors more reason to funnel funds into the world's largest economy. Adding to the dollar's attraction is the hawkish Federal Reserve, which has committed to a series of half-point rates hikes in coming months. The dollar's rally is sending it to new highs against many of its global counterparts as India's rupee slumped to a record. This period of dollar strength will endure, in large part and with the forward curve still pricing which is too low of a terminal rate, an eventual repricing higher of those rates should continue to support the dollar. The Dollar Spot Index advanced 0.5%, extending its gain over the past month to around 4%. Market positioning data shows dollar is drawing in more adherents all the time. Hedge funds boosted long bets on the currency to the highest level this year in the week to May 6, according to data from the Commodity Futures Trading Commission. With U.S. yields still heading higher and growing concerns about slowing global growth especially with China still pursuing a strict Covid Zero policy, the dollar continues to strengthen in this environment as it is seen as a safe haven.

❖ The Indian rupee fell to a record low as dollar strength dented demand for riskier assets and foreigners continued to dump the nation's stocks. The rupee dropped as much as 0.7% to 77.4337 a dollar on Monday, slipping past the previous all-time low of 76.9812 touched in March. Oil is one of the major factor working towards the US dollar strength and as long as oil is buoyant, the rupee will continue to be under pressure. The moves may exacerbate worries about outflows after foreign funds pulled a record \$17.7 billion from Indian equities this year with surging inflation and the prospect of aggressive monetary tightening roiling global markets. A surprise rate hike by India's central bank hasn't been able to stem the rupee's decline as a widening current-account deficit amplifies concerns. India relies on imports to meet about 80% of its oil needs and elevated energy prices threaten to quicken inflation and widen its current-account and trade deficits. The Reserve Bank of India's recognition of the need for urgency in normalizing policy has provided some support. However, as equity flows can dominate interest-rate sensitive flows, there is a high downside risk to the rupee from a deterioration in equity market sentiment as a result of a rapid tightening in domestic financial conditions. The RBI has been using its Forex reserves to stem the currency's losses. Latest data showed that the reserve pile had dropped below \$600 billion for the first time in a year.

### Key Market Levels for the Day

	S3	S2	S1	R1	R2	R3
USDINR Spot	76.8500	77.1000	77.2900	77.6200	77.8500	77.9800



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## Nirmal Bang Securities - Bullion Technical Market Update

### Gold Market Update



#### Market View

Open	51259
High	51386
Low	50901
Close	50959
Value Change	-384
% Change	-0.75
Spread Near-Next	284
Volume (Lots)	5772
Open Interest	8625
Change in OI (%)	-4.59%

### Gold - Outlook for the Day

Gold prices trading negative and will face strong resistance around 1870-90 zone, where we can go short for target of 1840-30.

**SELL GOLD JUNE (MCX) AT 51100 SL 51300 TARGET 50800/50700**

### Silver Market Update



#### Market View

Open	62450
High	62649
Low	61163
Close	61497
Value Change	-1051
% Change	-1.68
Spread Near-Next	0
Volume (Lots)	16255
Open Interest	16149
Change in OI (%)	9.08%

### Silver - Outlook for the Day

Silver too can see some correction till 21.50-20. We are recommending to sell on rise for target 21.40 for the day.

**SELL SILVER JULY (MCX) AT 62000 SL 62600 TARGET 61100/60800**





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## Nirmal Bang Securities - Currency Technical Market Update

### USDINR Market Update

O:77.2000 H:77.7075 L:77.1900 C:77.6650 UC:0.5875



#### Market View

Open	77.2
High	77.7075
Low	77.19
Close	77.665
Value Change	0.5875
% Change	0.76
Spread Near-Next	0
Volume (Lots)	4395126
Open Interest	4348972
Change in OI (%)	7.60%

### USDINR - Outlook for the Day

USDINR witnessed a gap up at 77 followed by a strong session in green marking the high at 77.70 with closure near the same. USDINR has formed a long green candle with closure in higher highs and lows indicating strong bullish bias. The pair has given closure above short. Medium and long term moving averages are supporting the green momentum. USDINR, if trades below 77.45, the momentum will trade on a weaker note towards 77 – 76.75. But momentum above 77.78 would lead momentum towards 78 – 78.15. The daily strength indicator RSI and momentum oscillator Stochastic both are in the positive zone indicating supportive for the pair.

### Key Market Levels for the Day

	S3	S2	S1	R1	R2	R3
USDINR April	77.1000	77.2500	77.4500	77.7800	77.9800	78.1200



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